Fundraising in Not-For-Profit Sport Organizations: The Management Perspective

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Abstract: While nonprofit sports organizations have existed for many years, there is a knowledge gap in research on how best to operate from a management point of view. Since nonprofits need a consistent inflow of revenue, and by nature do not make a profit, they need to focus on revenue generation the most, and from sustainable donors. In an effort to discuss a synthesis of literature on this subject, an overarching definition of fundraising for sports nonprofits is attempted. Also discussed is the best way to approach the marketing function for this particular type of organization, evaluating the possible sources of funding, including individuals, legacy donations, and corporate social responsibility. Furthermore, the planning and human resource functions are discussed, concluding with a brief discussion on the importance of data analysis in this field. While this paper is mostly about sports nonprofits, the general principles discussed here can be applied to other nonprofit entities as well.

Keywords: Fundraising, nonprofit, sports, definition, donation.

I. Introduction

There is a deep and strong history between sports teams and social and charitable projects undertaken by their mother organizations (Babiak& Wolfe, 2009; Krueger, 2007; Miller, 2006). While social work conducted by sports nonprofits has been around for quite a while, over the years, its scope has narrowed according to the outlook and strategy of the nonprofit, and formalization has increased (Sparvero& Kent, 2014).

Due to the lack of consistent revenue streams in not-for-profit sports organizations, such organizations are forced to independently and continuously seek financial resources and equipment and to receive some type of assistance or the other from high-net-worth individuals, companies, or donor organizations, and the general public, so that they can perform their activities and realize their goals and objectives. These are generally in the form of discrete funded projects (Canon, 2011). The word "fundraising" does not have a complete definition, i.e., a precise, all-encompassing characterization. For the purposes of this paper, fundraising for sports non-profits will be defined as gathering financial and other resources from external entities (including individuals) in order to achieve specific, project-oriented, short-term goals for the benefit of society in general through the use of sports as a means of social agency (Kelly, 2012; Gallagher et al, 2012; Krieger, 2018; Filo et al, 2018).

While there is a lot of research on the specifics of fundraising for sport organizations, there is a surprising dearth of literature on the overall conceptualization of the topic (Sparvero& Kent, 2014). The aim of this paper is to contribute to the explanation of this important task of management and to help with its application in sports. This study aims to create a basis for further research into the management of fundraising in not-for-profit sports organizations, which others can build upon. It should be noted, however, that the line between fundraising for nonprofits in general and sports in particular is blurry. Since fundraising challenges are present not only in sports but also in cultural, social, socio-cultural, environmental, educational and other organizations, this paper will attempt to further study in those areas as well.

The advantages of organizations that focus on sports in relation to other non-profits are in their mass appeal (Filo et al, 2018; Gallagher, 2012; Lipsey, 2019), high frequency of fulfillment of purpose, such as numerous repetitive tournaments catering to children (Plumly, 2014; Neal, 1997; Hendricks &Peelen, 2013), and role in the psycho-physical development of people of all ages (Jayanthi et al, 2013; Shular et al, 2012; Myer et al, 2016).
Fundraising can additionally provide funding and create a positive public image (Blaney et al, 2012; Siegfried & Zimbalist, 2000; Yuen, 2008).

II. The Marketing Approach

The marketing approach to fundraising in sport organizations was developed in the United States and then adopted as a technique in Europe and especially in Germany (Stier Jr & Schneider, 1999; Vamplew, 2018; Bailey, 2008; Wood et al, 2010; Howard, 2018). The American concept of fundraising implies meeting financial needs over a longer term and is considered one of the most important tasks of a non-profit organization (Keating et al, 2008; Jun, 2015; Pollach et al, 2005; Dove, 1988). As a marketing strategy, fundraising not only provides for money and equipment, but also helps in other forms, such as making long-term connections with friends and benefactors of particular teams who are nurtured over time (Shani, 2015). That is why, when sports fundraising is discussed, it is extended to marketing the procurement of financial and other resources, and also the marketing of established relationships between the non-profit and the community. It must be kept in mind, though, that marketing for sports nonprofits is only slightly tangential to the mainstream, since the fundamentals of tapping into society are the same (Smith & Westerbeek, 2007; Godfrey, 2006; Chalip, 2006; Babiak et al, 2012).

Worth et al (2020) have categorized donor motivations into four broad categories, namely: altruism, benefits to the donor, desire to have an impact, and tradition/legacy/memoria. Since fundraising is the systematic and continuous acquisition of financial and other resources in not-for-profit organizations (equipment, knowledge, time, etc.) from private entities and individuals, professionals of this field should display certain high-level skills (Tempel, 2010). Individuals representing institutions should have a deep and up-to-date understanding of the sport, their target market, financial limitations, perseverance, and persuasiveness. It needs to be kept in mind that the payoff for the donor is not just financial (like tax credit), but also the inner satisfaction that their donation, whether it be money, equipment, or time, etc., made a difference in whatever cause they deemed worthy, and the organization requesting the donation should build sustainable, positive connections leading to long-term, mutually beneficial relationships. Successful fundraising, therefore, requires strategic, long term planning, a mutually beneficial approach, and highly professional, effective results (Hyjein et al, 2012; 2013).

In developed market economies, where the accepted social responsibility of individuals and organizations in giving ‘back’ to society is traditionally far greater than in developing or underdeveloped countries, the largest donors are often high-net-worth individuals, and then institutions (Cagney & Ross, 2013; Breeze & Scaife, 2015). However, the same individuals are more prone to donor fatigue, of which many institutions have a higher threshold (Grépin, 2012; Awadari, 2020; Bai, 2011). It is therefore advisable to contact private individuals with a high net-worth from the receptiveness standpoint. However, in order to enable sustainability of incoming donations, institutions should also be focused on. Sporting events, including those targeting social impact, generally have a larger audience (Sparvero& Kent, 2014). They further point out that these organizations need to be picky in terms of what projects they seek donations for. This balance requires a varying strategy for each individual and institution being contacted, since the objectives of each are different in as much as what they perceive as positive results, namely either altruism or gratification of interest in the sport (individuals), or corporate social responsibility (institutions).

III. Combing Possible Sources of Funding for Sports Organizations

If we take the definition mentioned earlier in the paper, then not for profit sports organizations are created with a special goal, which is to provide support specific for limited, repetitive projects (tournaments), with short-term goals of providing benefit to society in general, without striving to achieve financial results. Since it is the nature of projects, financial stimulation is imperative as a condition for their realization. Not only that, but also the economic survival of the entire non-profit directly depends on conditions that allow for continuous inflow and the significance of funds (Pintarič&Kravanja, 2015). Seeking donors, therefore, and increasingly competitive ways to vie for larger amounts of funds, is a continuous job for not-for-profit sports organizations (Nonprofit Business Advisor, 2017; Littlewood, 2000; Faulk et al, 2020).

Fundraising for sporting events is highly competitive, not just with other similar organizations, but with general, voluntary, or corporate donations. The same donors are approached by socio-humanitarian organizations, organizations in health, culture, education, media, unions, local government bodies, and others who are striving to secure funding (Aldashev et al, 2020; Warren et al, 2016; Paarlberg & Hwang, 2017; Orzan, 2008). Activity in this area requires the participation of those who have a convincing and argumentative performance, who are morally
irrefutable, efficient, and who have the ability to change the priorities of giving to people who express an interest in donating or in sports (Milosevic, 2018; Herbst & Norton, 2007; Deller, 2000; Huang, 2006; Ragsdale, 2006).

Fortunately, the list of sources of funding for sports non-profits is quite broad. Any institution, organization, or individual that is willing to give to support positive developmental change in the sphere of interest that is relevant to them should be tapped, including, but not limited to government organizations, development agencies, international donor organizations, local and state authorities, private foundations, large and small companies, entrepreneurs and investors, foreign embassies, and private individuals.

IV. Planning and Human Resource Activities for Fundraising

Any fundraising program starts with strategic and operational planning in order to create an environment conducive to continuous cooperation. Prior to starting the planning process, it is necessary to understand the dynamic nature of the ‘donor market’, from which the provision of funds is expected to be extracted. The universally accepted model is the “pyramid of donors”.

At the base of this pyramid is the superset, or the entire targeted population, including recurring and new donors. Next up are those donors who have contributed at least once, followed by donors who have contributed multiple times (Fitch & Sorensen, 2007; AbouAssi, 2013; Glassman et al, 2013; Sjöstedt, 2013). An excellent work by Pfeffer and Salancik (1978) focuses on the concept of the Resource Dependency Theory (RDT), which implies that organizations have a continuous and dire need for resources, which they can never have enough of, and they seek to fulfill this need from their environment. This view directly allows us to understand fundraising from the management perspective. However, human resources are arguably the most important part of the nonprofit (Akingbola, 2015; Meyer, & Leitner, 2018; Mesch, 2010; Guo et al, 2011). At the tactical level, these can be generally categorized as associates and volunteers (Backer, 2001; Minzner et al, 2014; Paxton et al, 2020; Smith & Shen, 1996). It should be kept in mind that every member of the non-profit has to participate wholly and fully in the processes of planning, setting goals and priorities, and the implementation of the project, and thus strengthen their sense of being involved as an important part of achieving the strategic objectives of the organization (Levinson, 1987; Boris et al, 2010; Alexander, 1999; James, 1983). Everyone should feel the responsibility for further development of the organization and the execution of tasks specific to them and how that impacts the strategic bottom line of the organization (Austin, 2000; Duckles et al, 2005; Walk et al, 2014; Ogliasti et al, 2016). Associates should be regularly updated about strategic and tactical successes and failures of the organization to ensure their continuous cooperation.

For smaller sports non-profits with limited resources, volunteer associates are extremely important (Schneider, 2003; Hou & Lampe, 2015). They can critically influence the success or failure of an organization by bringing new ideas, abilities, energy, and freshness. Furthermore, the importance of in-house training cannot be exaggerated. It is generally accepted that no resources should be spared for the training of volunteers and associates, because that investment will pay off in the long run (Dolan, 2002; Heinrich, 2000; DeVargo et al, 2017; Austin et al, 2011; Lysakowski, 2005). Talented volunteers not only take on important tasks but can also pass on their enthusiasm to new entrants and potential donors. The love of sports often weighs as the primary motivation for people volunteering for sports project. Nichols & Ojala (2009) wrote that for fans, volunteering for sports organizations was a psychological contract giving them fulfillment. Research has also concluded that there are other reasons to factor in as well, such as the hope for employment, the feeling of happiness, the motivation to work harder, and upwards mobility in social perception (Nichols et al, 2013; Griffiths & Armour, 2012; Vos et al, 2012; Baum & Lockstone, 2007). Unfortunately, it’s often the non-profits themselves who underestimate the importance of the role of volunteers or do not take them seriously enough, although they (the volunteers) spend a lot of their free time and invest a lot of energy and creative potential in helping the non-profits reach their targeted goals.

The planning process is perhaps the most important prerequisite for success (Sargeant, 2014; Allen, 2009; Klein, 2011; Fogal, 2005; Sand, 2005). The focus of the planning process should be that priorities are recognized, past successes and failures analyzed, and more promising alternatives identified. Successful planning requires realistic expectations and a realistic assessment of the market situation. For organizations that depend on donations, this means that amounts needed and timelines they are needed by are properly assessed (Hanson, 1997; Dvorakova & Mackova, 2014; Gallagher & Gilmore, 2012; Jay & Sargeant, 2004; Jeavons & Basinger, 2000). Strategic planning requires time and critical analysis and the involvement of all associates and volunteers in the organization. This includes comparative research on how the goals are to be achieved, how the success of the organization is to be evaluated, and the correction of strategic orientation depending upon the results.
V. The Importance of Data

Data analysis is key. For established sports nonprofits data mining can be done on existing donors to discover their motives and the extent to which they can be approached. Their ‘bond’ with the sport needs to also be evaluated (Hardin et al, 2010; Popp et al, 2016; Won et al, 2010; Naito, 2008). Newer nonprofits can either conduct a fresh market evaluation or get research from professional organizations. This will show the way to retaining existing and approaching new donors. Future donors can also be found on the basis of published annual business reports, which list the social public responsibility budgets of larger organizations. These also contain data on business success, on the inflow and outflow of funds, and on the amount of donations in the previous period. An important function of fundraising is statistical data analysis (Birkholz, 2020; Ryzhof et al, 2016; Fan-Osuala et al, 2018). Statistics provides a picture of all stored data. In fundraising, there are certain values and indicators that need to be known:

1. number of received emails
2. total number of responses (voluntary contributions)
3. total amount of contributions expressed in one currency (US Dollars)
4. percentage response, mean value, and standard deviation, and other relevant statistical functions.

New fundraising opportunities can be found in financially emerging districts and neighborhoods of the city around the location of sports nonprofit. Specifically, the areas revealed through research to be frequent in visiting sporting events. The term ‘legacy marketing’ (Richardson & Chapman, 2005; Sargeant et al, 2006; Radcliffe, 1998; Rodd, 1998) implies that the affluent should be invited to pledge either one-time, or continuing donations of large sums from their inheritance. Research suggests that many of the country’s elite are willing to commit to this for the love of sport(Thomson et al, 2013; Seifried& de Wilde, 2014; Gladden et al, 2005; Ko et al, 2014).

One area often overlooked is the website of the sports nonprofit. Together with other instruments of peripheral interaction, it actively disseminates information to whomever visits. While just an online presence hardly guarantees results, presenting the nonprofit in a positive light and being easily accessible to a potential donor is impossible without it.

Furthermore, social, promotional, marketing and ceremonial sporting events must be held. They have two important effects. Firstly, they can help attract new people with new ideas as volunteers, associates, and potential donors, and to connect existing donors even more strongly with the sports nonprofit, and secondly such events are a way of informing the general public about the positive activities of the organization. Media attention is key, and they only react if there is something special either about the teams or about the attendees(Misener& Mason, 2006; Carey et al, 2011; Uhrich&Benkenstein, 2012; Wann& Grieve, 2005; Wann et al, 2008; Hautbois et al, 2020).

VI. Conclusion

Social work by nonprofit sports organizations is not a new concept. However, over the years, its scope has narrowed according to the outlook and strategy of the nonprofit, and formalization has increased (Sparvero& Kent, 2014). Since no formal definition for fundraising for sports non-profits could be found by this writer, it has been defined here as gathering financial and other resources from external entities (including individuals) in order to achieve specific, project-oriented, short-term goals for the benefit of society in general through the use of sports as a means of social agency (Kelly, 2012; Gallagher et al, 2012; Krieger, 2018; Filo et al, 2018).

The marketing function for nonprofits not only provides for money and equipment, but also helps in other forms, such as making long-term connections with friends and benefactors of particular teams who are nurtured over time (Shani, 2015). However, it must be kept in mind that the donor is not necessarily just looking for financial (like tax credit) gain, rather quite possibly self-actualization. The nonprofit’s connections should build sustainable, positive, long term, and mutually beneficial relationships (Hyejin et al, 2012; 2013).

Funding opportunities for sports non-profits are quite vast. Any institution, organization, or individual that is willing to give to support positive developmental change in the sphere of interest that is relevant to them should be tapped, including, but not limited to government organizations, development agencies, international donor organizations, local and state authorities, private foundations, large and small companies, entrepreneurs and investors, foreign embassies, and private individuals.

Some of the most overlooked areas in managing such an organization are training of volunteers and data analysis. Smaller nonprofits can simply purchase data from research companies, and trainings can be given in-house or through professionals. However, the need for both these is imperative, and cannot be overstated.
In conclusion, the field of fundraising for sports nonprofits is quite similar to mainstream nonprofit social organizations. Every sporting event is a project that needs funding, and that funding can be achieved through targeted marketing and correct application of human resources. Internal management is key for effective results. After all, finance is the lifeblood of the organization.

Bibliography


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